

NATIONAL DAIRY MARKET AT A GLANCE

**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (1/19):**  
**BUTTER:** Grade AA closed at \$1.2425. The weekly average for Grade AA is \$1.2413 (+.0046).

**CHEESE:** Barrels closed at \$1.0900 and blocks at \$1.1100. The weekly average for barrels is \$1.0800 (+.0150) and blocks, \$1.0869 (+.0164).

**NONFAT DRY MILK:** Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

**BUTTER:** The butter market is unsettled. Many butter producers and handlers are unsure how to operate with the current price moves noted at the CME in the past few weeks. Production levels vary across the country, but for the most part, are moderate to heavier as more excess cream is available to butter operations. Stocks of butter are starting to build across the country. Producers and handlers are cautious at this time about inventorying product at current price levels, but feel that possibly higher energy costs might cause prices to stabilize at current levels. Butter demand is fair. Some buyers are taking a wait and see posture while they hope prices come down. Often buyers are only taking contracted volumes.

**CHEESE:** The cheese market is firmer. At the Chicago Mercantile Exchange, cash cheese prices moved higher. Orders are typically moderate. Cheese production is steady to occasionally lighter, reflecting declines in milk production and, in California, energy problems. CCC cheese purchase prices were increased by .94 cents to reflect the new pricing formulas under the reformed Federal Milk Market Orders. During the abbreviated week of January 15 - 19, CCC purchased 258,613 pounds of Western barrels.

**FLUID MILK:** Milk production is steady to seasonally higher. Volumes are trending below supplies anticipated for this time of year. Available loads of milk are tight into Midwestern manufacturing facilities. However, in the West, energy blackouts are encouraging the possibility of supplies being dumped. Class I demand is lighter compared to last week. Condensed demand is steady and offerings are heavier, especially on Class III supplies. Condensed volumes are increasing as plants undertake preventative measures against the expensive cost of drying. Cream prices are trending higher with changes in the weekly average AA CME butter price. Supplies are more available than previous weeks. Demand is good in the West; steady in the Midwest; and slower in the East. Multiples are mostly unchanged to lower.

**DRY PRODUCTS:** Prices are unchanged on NDM and buttermilk with a weak undertone noted. Seasonal increases in the milk supply are encouraging higher production levels of NDM and buttermilk. Stocks of NDM are heavier in the West as product continues to clear into the CCC. DEIP announcements occurred during the week for the first time since July 2000. Whey prices are unchanged in the Central region and higher in the East and West. Excess supplies from the West are being shipped to the Central region to compensate for previous shortages in the area. The lactose market is unchanged. Higher mesh sizes are in better balance than lower mesh sizes on steady production schedules. WPC remains firm with good interest from domestic and international markets.

**CCC:** During the week of January 15 - 19, CCC net purchases solely from the West included: 9,101,816 pounds of nonfortified NDM, 1,983,697 pounds of fortified NDM, and 258,163 pounds of barrels.

**JANUARY MILK SUPPLY AND DEMAND ESTIMATES (WASDE):** The milk production forecast for 2000/01 is lowered slightly this month as recent data point to

continued slowing in the rise of milk cow numbers and milk per cow. Class III prices are raised slightly, averaging \$9.50 to \$10.00. Cheese prices are expected to increase gradually from their October-December lows. Class IV prices are lowered to \$11.75 to \$12.45 due to lower near-term butter prices. Although currently volatile, butter prices are expected to drop sharply from their October-December highs and then increase gradually later in the year.

**NOVEMBER FLUID MILK SALES (AMS, NASS, CA DAIRY INFORMATION BULLETIN):** During November, about 4.4 billion pounds of packaged fluid milk products were sold in Federal milk order (FMO) marketing areas and California. This was 1.4% higher than November 1999. On an individual product basis, sales of whole milk, reduced fat (2%) milk, and low fat (1%) milk increased from November 1999, while sales of fat-free (skim) milk and buttermilk decreased from a year earlier. Total milk sales for the January-November 2000 period were 0.5% lower than the same period last year. Data for 1999 have been adjusted for changes in the FMO marketing areas due to order consolidation and data for both years have been adjusted for calendar composition.

**ANNOUNCED ADJUSTMENT IN 2001 PURCHASE PRICE FOR MILK & MILK PRODUCTS (FSA):** On January 18, 2001, the USDA announced that purchase prices for butter, NDM, and cheese bought under the Milk Price Support Program are being adjusted, effective January 16, 2001. Changes are to reflect the new pricing formulas under the reformed Federal milk marketing orders. Prices for block cheddar, barrel cheese, butter, and NDM are \$1.1314, \$1.1014, \$0.6549, and \$1.0032 respectively. No changes were made in the butter/powder tilt.

**DECEMBER MILK PRODUCTION (NASS):** Milk production in the 20 major states during December totaled 11.9 billion pounds, virtually unchanged from production in these same states in December 1999. November revised production, at 11.4 billion pounds, was up 1.1% from November 1999. The November revision represented a decrease of 0.5% or 52 million pounds from last month preliminary production estimate. Production per cow in the 20 major states averaged 1,522 pounds for December, 16 pounds or 1% below December 1999. The number of cows on farms in the 20 major states was 7.84 million head, 81,000 head more than December 1999, but 4,000 head less than November 2000. The October-December quarterly production of milk for the US was 40.9 billion pounds, 1.2% above the October-December period last year. The average number of milk cows in the US during October-December quarter was 9.25 million head, 80,000 head more than the same period last year.

**FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS):** Under the federal milk order pricing system, the base price for Class I milk for February 2001 is \$11.94. This price is derived from the higher of the advanced Class IV (\$11.94) and Class III (\$10.06) cwt. prices. Class I differentials specific to each order are added to the base price to determine regional Class I prices. The Class I skim price is \$7.89 and the Class I butterfat price is \$1.2352. The Class II skim milk price is \$8.59 and the Class II nonfat solids price is \$0.9544 per pound. The following are the two-week product price averages: butter \$1.1279, nonfat dry milk \$1.0172, cheese \$1.1340, and dry whey \$0.2446. Further information may be found at:

[www.ams.usda.gov/dairy/mib/class\\_prod\\_milk\\_comp\\_pr.htm](http://www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm)

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JANUARY 15	TUESDAY JANUARY 16	WEDNESDAY JANUARY 17	THURSDAY JANUARY 18	FRIDAY JANUARY 19	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	NO	\$1.0700 (+.0050)	\$1.0800 (+.0100)	\$1.0800 (N.C.)	\$1.0900 (+.0100)	+.0250	\$1.0800 (+.0150)
40# BLOCKS	TRADING	\$1.0700 (+.0025)	\$1.0825 (+.0125)	\$1.0850 (+.0025)	\$1.1100 (+.0250)	+.0425	\$1.0869 (+.0164)
BUTTER GRADE AA	HOLIDAY	----	\$1.2400 (+.0025)	----	\$1.2425 (+.0025)	+.0050	\$1.2413 (+.0046)

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at [WWW.AMS.USDA.GOV/MARKETNEWS.HTM](http://WWW.AMS.USDA.GOV/MARKETNEWS.HTM) (NOTE: The NDM daily/weekly prices are no longer reported here. Extra Grade and Grade A prices are \$1.0300. They last changed 9/1999. NDM information remains available at the above internet address.)

**CHICAGO MERCANTILE EXCHANGE**

MONDAY, JANUARY 15, 2001

HOLIDAY - NO TRADING

TUESDAY, JANUARY 16, 2001

CHEESE -- SALES: 1 CAR BARRELS @ \$1.0700; 7 CARS 40# BLOCKS: 1 @ \$1.0625, 1 @ \$1.0675, 1 @ \$1.0700, 1 @ \$1.0750, 1 @ \$1.0700, 1 @ \$1.0725, 1 @ \$1.0700; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.0700; OFFERS UNCOVERED: NONE

WEDNESDAY, JANUARY 17, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0800; 6 CARS 40# BLOCKS: 1 @ \$1.0825, 1 @ \$1.0800, 1 @ \$1.0750, 1 @ \$1.0725, 2 @ \$1.0700; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0925

BUTTER -- SALES: NONE; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.2400, 1 @ \$1.2375; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.3000

THURSDAY, JANUARY 18, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: 2 CARS 40# BLOCKS: 1 @ \$1.0850, 1 @ \$1.0825; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0925

FRIDAY, JANUARY 19, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0900; 1 CAR 40#BLOCKS @ \$1.1100; OFFERS UNCOVERED: NONE

BUTTER -- SALES: NONE; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.2425, 2 @ \$1.2400; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.3000, 1 @ \$1.3100

Dairy Market News will resume reporting of CME nonfat dry milk sales, bids, and offers, should trading activity occur.

**BUTTER MARKETS****NORTHEAST**

The market tone is unsettled as the price at the CME rose 16 cents in Monday and Wednesday (January 8&10) trading only to fall more than 6 cents during Friday's trading. Production levels are moderate to heavier as more excess cream is available to Eastern butter makers. The issue of prices for Class III cream under the Federal order system has slowed use in those products(particularly cream cheese) and pushed some extra cream into Class II & IV channels. Quite a bit of the excess cream is clearing to Midwest butter plants. Bulk and packaged butter stocks are fully adequate for the current, fair demand. Speculators are taking a wait and see posture while they hope prices come down. Users are also taking only contracted volumes while prices are as high as they are. Less bulk is being shipped from the West. Prices in all parts of the country are higher reflecting the higher energy costs that plants are facing this year. Sales of bulk butter, f.o.b. East, are reported in a range of 2.5 - 6 cents over the CME price/average.

**CENTRAL**

Midwestern butter markets are generally steady at unchanged prices. Recent fluctuations in cash trading values are reported to be more of a factor in milk pricing than butter supply/demand. Butter production in the central part of the country is seasonally active. Cream is readily available to most butter operations. In instances, cream providers are having to favorably price cream offerings to clear available stocks and many Midwestern operations are taking advantage of these

cream offerings. Stocks of butter are more than sufficient to meet current demand. Most buyers are hesitant to place large orders in anticipation of lower prices in the future. Energy costs continue to impact f.o.b. prices. Producers and handlers are cautious at this time about inventorying product at current price levels, but feel that possibly higher energy costs might cause cash prices to stabilize at current levels. Bulk butter is available for spot sale with prices ranging from 1 to 3 cents over various pricing bases.

**WEST**

Contacts are unsure how to operate with the current price moves noted at the CME in the past few weeks. Buyers were hoping to stock up on some butter supplies after the holidays, but with the current price strength, they are unsure if they should jump in or wait for lower prices. Cream prices are a concern with some of the changes in class prices for cream based on use. Some good orders for prints are coming in after a good holiday season. Butter production is quite variable. Some firms want to sell cream, others want to churn, and others are making marketing decisions based on energy considerations. Weekly CME butter storage numbers continue to increase which is normal for this season. Stocks are up 8.3 million this week and have climbed 17.3 million pounds in the last three weeks. Stocks are growing at a slower rate than last year, but faster than the previous two years. Current prices for bulk butter nominally range from 3 cents under to flat market based on the CME with various time frames and averages involved.

**NASS DAIRY PRODUCT PRICES**  
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE				
	40# BLOCKS	BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
JANUARY 13	1.1077 5,493,842	1.1080 8,295,422	1.0155 15,111,677	1.1588 4,691,548	0.2483 7,729,159

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are lower for process and natural types and Swiss is unchanged. The market tone remains weak. The 40# block price at the CME was generally lower last week after the previous week of up and down prices. Barrels were steady following Monday's (1/8) fractional decline. Cheese production in the Northeast is moderate, but surplus milk volumes remain lighter than expected. Cheese stocks are adequate to cover current needs. Orders for the Super Bowl weekend (the biggest snack day of the year) are coming in and distributors are preparing by taking on some extra inventory. Recent price reductions are helping the current situation. Retail orders are light while food service is holding up nicely.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1125-1.5825
Cheddar Single Daisies	:	1.0700-1.5300
Cheddar 40# Block	:	1.2100-1.3900
Process 5# Loaf	:	1.2750-1.4475
Process 5# Sliced	:	1.2950-1.5500
Muenster	:	1.2725-1.4800
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

## MIDWEST

The cheese market is unsettled to weak. Cash cheese prices at the Chicago Mercantile Exchange continue to drift higher and lower in a trading range generally below CCC purchase prices. Overall cheese demand is still typically fair at best. Super Bowl orders are already moving through distribution channels. Current and/or planned food service promotions are aiding sales in some markets. More plants are finding plant inventories are increasing. A few operations were seeing improved sales of specialty natural varieties but not enough to offset the other producers. Mozzarella interest has improved. Higher than desired holdings of several months old cheddar continues to weigh down the aged cheddar market. Milk and cheese production are still struggling to increase seasonally. Most plant operators continue to find extra manufacturing milk supplies difficult to acquire. Cheese yields remain seasonally good. Rising fuel costs are increasing the cost of production for plant operators.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.2850-1.5000
Brick And/Or Muenster 5#	:	1.4300-1.6650
Cheddar 40# Block	:	1.4300-2.1150
Monterey Jack 10#	:	1.6400-2.1150
Blue 5#	:	1.8100-2.0600
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4500-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0450-2.6850

## MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),  
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JANUARY 15 - 19, 2001
BARRELS*	:	\$1.0650 - 1.0800 (NOMINAL)
	:	(.0050)
40# BLOCKS	:	\$1.0675 - 1.0975 (NOMINAL)
	:	(-\$.0025) (-.0225)

( ) Change from previous week. \* If steel, barrel returned.

## WEST

Cheese prices generally weakened this week as the market continued to retreat. Clearances to CCC remain minimal. Production schedules are mixed based on better returns from the milk or a product that is less costly to make from an energy point of view. Concerns about the ability to pass on some of the spiraling energy costs are increasing. Contacts are wondering about the direction of the market. They hope they may get some signal this week when the milk production and cold storage reports are released. In the short run, current blocks are mostly committed. Processors continue to look for bargains and are finding some recent cheese with slight defects that is fitting their needs. Mozzarella sales remain strong. The downturn in production late in the year is puzzling to some analysts. Swiss sales are good for this time of year. Stocks are at good first quarter levels. Reports indicate that some plants are planning on increasing Swiss production during 2001.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2175-1.4775
Cheddar 40# Block	:	1.1925-1.3325
Cheddar 10# Cuts	:	1.3725-1.5925
Monterey Jack 10#	:	1.3825-1.5425
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.5100

## FOREIGN

Prices are steady on imported and lower on domestic styles. The market tone is weaker and typical for this time of year. Demand for foreign type cheese is just fair. Reports out of Europe estimate that cheese production in the EU during 2000 increased 3% from 1999 levels and exports increased 11% from a year earlier.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.4150-2.9100*
Gorgonzola	: 3.2400-5.9400	: 1.9650-2.4900*
Parmesan (Italy)	: TFEWR	: 2.8300-2.8550*
Romano (Italy)	: 2.1000-2.5400	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.4225-1.7000*
Romano (Cows Milk)	: -0-	: 2.6050-4.7800*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.3100	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
01/15/01	10,644	134,566
01/01/01	7,758	133,996
CHANGE	2,886	570
% CHANGE	37	N.C.

## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	25	33	0	0	0
SOUTHEAST STATES	0	0	0	0	0	0

Regional Milk Market Administrators announced the following, December 2000 uniform prices: Northeast \$13.72 (at Boston), Mideast \$12.16, Southeast \$14.51, Florida \$16.10, and Western New York (a state order) \$14.29 at the base cities/counties in the orders. (For the Northeast, Mideast, and Western New York orders, statistical uniform prices are reported.) Milk production ranges from steady to slightly higher throughout the region. The milk flow is steady in the Northeast where cow numbers and output per cow are easing lower. Output in the Southeast is slowly increasing. Fluid milk supplies are heavier, but contacts report that the increased volumes of surplus milk are more a result of slower Class I sales than milk production increases. Bottled milk sales are reported as steady to slower in all areas of the region. Surplus milk volumes are up slightly and some plants have more milk to process. In the Southeast, surplus milk volumes are moderate and only a couple manufacturing plants were operating during the week. Florida handlers, after importing milk last week, exported about 25 loads this week. This reflects the up and down orders from instate bottling operations. During this week last year, they neither imported nor exported milk. The condensed skim market is unchanged except for the fact that more wet solids were being offered this week. Class III condensed skim prices are often lower with Class II steady. Demand is just fair for both Class II and III and few spot sales were reported. Some plants were clearing their solids as a liquid rather than use the energy to dry them. Other operations were drying to replenish their stocks. The fluid cream market is a little slower. More contacts report that more cream is available. The Class III vs. Class II/IV pricing issue is still very prominent. In fact, several coops and producer organizations filed a lawsuit in U.S. District Court for the District of Columbia challenging the USDA on its implementation of a separate Class III butterfat price. Contacts continue to report that multiples for Class III cream are about 20 points higher than those used for Class II/IV cream. Spot prices, despite lower multiples, are higher following a 10+ cent increase in last week's CME average butter price. Demand for cream is a little slower this week and more excess seems to be finding its way to churning facilities. Production of UHT, bottled cream is slowing. Ice cream output is getting back to normal for this time of year. Cream cheese (a Class III product) production is slower and most operations take only contracted volumes and limit their spot purchases. Churning activity is heavier and more plants are making more butter.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.4840-1.6572
DELIVERED EQUIVALENT ATLANTA	-	1.4840-1.6572 M 1.5459-1.6077
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5830-1.6943

## PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0700-1.1500
NORTHEAST- CLASS III - SPOT PRICES	- .7000-.9000

## M I D W E S T

Class I demand is lighter, perhaps due to the usual mid-month slowdown in demand and the closing of some schools for the Monday holiday observance. Handlers were not as hard pressed to acquire extra supplies for Class I, at least compared to recent weeks. Manufacturing milk demand is fairly steady with some interest still going unsatisfied.

Milk supplies remain tight. Spot manufacturing milk prices are reported in the \$1.50 - 2.25 over class area for short hauls. A total of 26 loads of Wisconsin milk are direct shipped to Missouri, 21 loads to Tennessee and 3 loads to Kentucky and pooled under other federal orders. Cream demand is about steady for Class II use with cream prices higher to reflect the recent increase in the weekly average Chicago Mercantile Exchange cash butter price. Higher energy costs have greatly increased manufacturing costs at plants and for producers. Milk receipts are about steady to occasionally lower, reflecting reduced cow numbers in some areas due to herd sellouts. Dairy herd auctions continue at a fairly heavy rate for January. Fat and protein levels on incoming milk supplies remain seasonally good. The January thaw last week reduced the size of many snowpiles and allowed producers the opportunity to clean lots, driveways, and haul manure. In the mid-tier of Midwestern states, the snow cover is gone except for banks. More seasonal weather has returned after the weekend.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 11 - 17	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 43.00	\$ 35.00- 40.00
REPLACEMENT HEIFER CALVES	\$240.00-325.00	\$190.00-315.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JAN 11 - 17	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 45.00	\$ 31.00- 42.00

## W E S T

The February Class I prices in California range from \$13.80 in the north to \$14.07 in the south. The statewide average Class I price based on production is \$13.86. The average is \$2.55 lower than January but \$2.11 higher than February 2000. Milk production is mixed across the state of California. Weather conditions were seasonally cooler following the rains of last week. Processors are stating that milk intakes are highly variable and range from a couple of percentage points below to a couple points above last year at this time. More problems are surfacing handling milk supplies in the state due to power interruptions and rolling blackouts. Processors are shifting milk between plants when orders are canceled at down plants. There are concerns at the producer level that milk may have to be dumped if the processing chain continually is interrupted. Cream prices are higher following increases at the CME cash butter market last week. Demand for cream is good and clearing readily when offered. Multiples continue in the 115 to 135 FOB range with several sellers going off the class price and adding an overage. Colder and snowy weather entered New Mexico this week. There were only slight impacts on milk production initially. Concerns are that conditions may cause problems. Milk is being handled within the region. Arizona is also experiencing winter weather conditions normal for the state. Rain and cooler temperatures are having an impact on the milking herds, especially those without a lot of structural protection in their lots. Weather conditions remain ideal for strong milk production in the Pacific Northwest. Herds are under very little stress and good feed supplies are available. Some producers are reducing ration costs because of low milk prices and this is having some limited negative impact on the milk flow. Quality on incoming hay supplies is very good. Some herds in the region are for sale, but interest in these animals is light. Culling activity is also light. Concern about future water supplies is becoming more of a topic for conversation with the snow pack at 65% of normal. Colder temperatures, fog and snow have moved into the northern Mountain States region. Some slight negative impact on milk production has been noted because of the more winter like weather. Many plants are operating on reduced schedules for various reasons and are looking for additional milk supplies. The snow pack is building nicely in the region and water supplies look to be in fair shape.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 01/18/01 and represent FOB Central and Western production areas. Prices represent CL/TL quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

Prices are unchanged and the market tone is generally steady. Product is being traded above and below the average indicating supply imbalances in the region. Spot demand is fair at best with most purchases occurring on an as needed basis. Production is increasing at levels less than anticipated for this time of year. High heat supplies are generally tight. Some high heat buyers are importing product from the West Coast as Central region suppliers are shorting product on contractual loads. Off grade NDM is available as a competitive substitute for buttermilk buyers.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0100 - 1.0600 MOSTLY: 1.0300 - 1.0350

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged on a steady to weak market. Most spot loads are trading at the lower end of the range (.9900 - 1.0000). Heavier condensed supplies are being diverted to dryers, increasing production. Supplies are mixed with some plants running tight and turning down orders while others are building stocks. Some buyers are resisting the current market in anticipation of price declines with bids at .9200 - .9500 delivered. Movement on contracts is mostly steady. Offers are being made from the West at .9700 - 1.0000 FOB.

BUTTERMILK: .9900 - 1.0700

**DRY WHEY - CENTRAL**

Prices are unchanged on a steady to firm market. Buyers are less anxious to receive supplies and trading is lighter. Premium prices are trending lower. West Coast supplies are being imported to the region and selling at prices slightly below the average. Most contractual shipments are being met with a few buyers being shorted on their regular loads. Feed demand is very light and edible trade is generally steady. Condensed supplies are mixed. While some plants take in additional loads, others are looking to sell excess supplies. Off grade supplies are limited for the good demand.

NONHYGROSCOPIC: .2650 - .2850 MOSTLY: .2650 - .2750

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to higher on a steady to firm market. The high cost of Extra Grade is encouraging some feed buyers to inquire on milk replacer. Supplies are tight and trading is limited. Roller ground production is generally steady. Some buyers are resisting higher prices in anticipation of a price trend reversal. Delactose supplies are tight with some producers shorting contractual loads. Demand is strong into feed facilities as a substitute for WPC. Many producers are expressing concern over higher energy costs that may continue into the second quarter. Hog and veal markets are trending steady to firm.

MILK REPLACER: .2000 - .2600  
ROLLER GROUND: .2525 - .2800  
DELACTOSE (Min. 20% protein): .4100 - .4150

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a steady market. Supplies are mixed. Lactose 30 mesh is trending somewhat heavy whereas lactose 80-100 mesh is in balance to sold out. Production is steady and less than anticipated for this time of year. Producers are surprised that more interest has not evolved from the feed industry due to the higher prices in whey. Domestic spot demand is best into blending and infant formula operations. Export movement is steady. Inquiries are noted from Japan, China, Taiwan and Korea. Off grade is available and trading at .1400 - .1575 FOB.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1500 - .2100 MOSTLY: .1625 - .1725

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged to higher on a firm market. Steady export movement of WPC as a substitute for NDM is encouraging a strong demand. Supplies are tight. Some contractual loads are being shorted. Buyers are working around shipment problems as spot loads are a costly substitute. Resale offers are often 2-3 cents over the average while manufacturer premiums are mostly 1-2.5 cents. The feed industry is reluctantly taking loads. Aged MPC from Europe continues to be an attractive substitute for feed buyers. Product is reportedly being traded below the WPC average on a delivered equivalent basis. Off grade supplies are tight for the good interest.

EXTRA GRADE 34% PROTEIN: .7600 - .8075 MOSTLY: .7625 - .7725

**NONFAT DRY MILK - WEST**

Low/medium heat NDM prices are mostly unchanged. The general market tone is weak in the region. Support sales to the government continue to be used to clear surpluses. Contacts are generally optimistic that the support prices won't be tilted, but are realistic enough to clear NDM to the support program to offset the potential risk of a lower support price. There were DEIP announcements made this week for the first time since July 2000. One day bid acceptances totaled more than 8,000 MT with bonuses ranging from \$50 to \$60 per MT. Information on additional volumes later in the week was not available. High drying costs are now being compounded by rolling blackouts. There are more processors attempting to move condensed instead of drying NDM, but the condensed market is becoming saturated. High heat prices are holding steady in light trading. Some seasonal interest continues, but spot action is limited. For the week of January 8 - 12, CCC net purchases totaled 11.9 million pounds of nonfortified and 2.5 million pounds of fortified NDM, the majority from the West.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9950 - 1.0300 MOSTLY: 1.0050 - 1.0150  
HIGH HEAT: 1.0400 - 1.0800

**DRY BUTTERMILK - WEST**

Dry buttermilk prices are unchanged. The market undertone remains mostly steady. Buying interest is mainly limited to contracted amounts, but more spot offerings are appearing. Most producers are caught up on previous contracts. Production remains mixed and sporadic. Several processors still are avoiding drying due to energy costs. Stocks are generally light.

BUTTERMILK: .9700 - 1.0300 MOSTLY: .9800 - .9900

**DRY WHEY - WEST**

The Western whey market continues to have a firm undertone. Powder is moving from the West to fill shortages in the Central region. Regular domestic demand is good with buyers taking all of their normal commitments. Export sales and shipments are good in the short run as sellers get everything moving before the disruption of the Chinese New Year schedule. Stocks are generally in close balance. Production levels are variable, especially in those areas being impacted by rolling blackouts. With the costs involved with drying powder currently, plants are also looking at any viable alternatives.

NONHYGROSCOPIC: .2100 - .2600 MOSTLY: .2200 - .2350

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

WEEK ENDING	PRICE	POUNDS
January 12	\$1.0104	10,347,022
January 5	\$1.0122	9,452,883

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS**

All reports represent carlot/trucklot quantities for domestic and export sales in 25 kg. or 50 lb. bags, and totes, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

**NONFAT DRY MILK - NORTHEAST AND SOUTHEAST**

Prices are about steady and nominal in the Northeast with the market tone unchanged. This week, USDA, FAS resumed accepting bids under DEIP. It has been six months since USDA last accepted bids for NDM export. Through Wednesday (1/17), bids totaling slightly more than 8,000 MT have been accepted. Dry skim production in the East is heavier as more surplus milk was cleared by butter/powder plants. The increased output went, generally, to fill contracts and most Eastern producers have little on hand. Spot buying interest is limited at the producer level. Plants either do not have product to offer or buyers often find it less expensive to purchase single loads from traders. This would be a result of the pricing system employed by a national marketing agency. Demand for NDM is fair. Eastern and Midwestern producers' stocks are closely balanced, but Western plants continue to offer their excess to CCC.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0300 - 1.0850 MOSTLY: 1.0450 - 1.0700

HIGH HEAT: 1.0600 - 1.1200 MOSTLY: 1.0800 - 1.1000

DELVD SOUTHEAST:

ALL HEATS: 1.0550 - 1.1500

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are unchanged and remain nominal. The market tone is steady. Production levels are up slightly as more churning took place this week. Demand is fair, but clearing most of the current output. Most Eastern producers have little on hand to offer on the spot market.

F.O.B. NORTHEAST: .9800 - 1.0000

DELVD SOUTHEAST: 1.0100 - 1.1000

**DRY WHOLE MILK - NATIONAL**

Prices are steady to lower. A few producers with some powder to offer are meeting resistance to the current, high prices as well as competition from imported dry whole milk. Spot demand is slow to fair, at best. Production levels are steady and producer stocks are closely balanced. Most output is geared toward meeting contract shipping schedules.

F.O.B. PRODUCING PLANT: 1.2400 - 1.4400

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2000 THROUGH JANUARY 12, 2001  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 12,750 MT (28,108,650 LBS)

CHEESE -- 3,030 MT (6,679,938 LBS)

This program-year's allocation is filled.

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT;

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are often higher and nominal. The market tone remains firm, but a few contacts report that buyers are starting to show some resistance to the current, high prices. Production levels are about steady in the East and producers are trying to catch up on orders. Most dryers are sold out through mid February and expect to have little extra to offer well into March. This is more often due to lighter than anticipated production rather than growing demand. Buyer interest is good, but in instances, not as aggressive as it has been.

F.O.B. NORTHEAST: EXTRA GRADE .2700 - .2800

USPH GRADE A .2725 - .2850

DELVD SOUTHEAST: .3000 - .3200

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Demand is slow to fair and following normal patterns. Production levels are moderate. Most of the current output is going to replenish producer inventories. At midweek, a truck driver lost his life after he crashed his tractor/trailer into the California State House in Sacramento. This is not a news item normally carried in Dairy Market News, but his truck was filled with canned evaporated milk, which was, for the most part, lost in the crash and resulting fire.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$20.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

**CASEIN - NATIONAL**

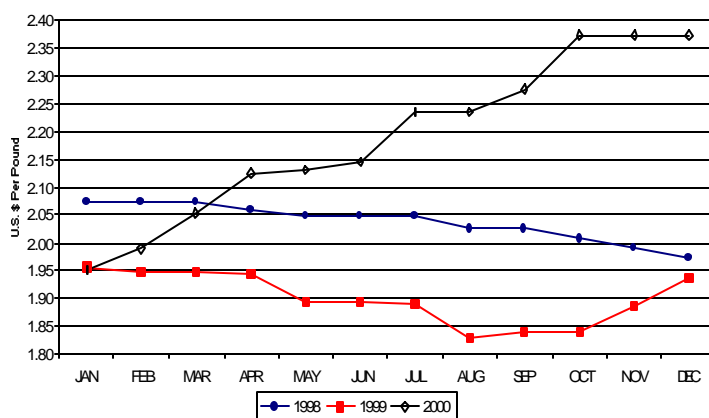
Casein markets are generally steady at unchanged prices. Supply conditions are much the same as they have been over the past few months, although prices are higher. Reports indicate that Oceania sources are meeting contractual commitments with very minimal, if any at all, available for spot buyers. European sources continue to work from existing stocks. Although overall stocks are limited, producers and handlers feel that contractual commitments will be met, with limited stocks available for additional needs.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.3000 - 2.5000

ACID: 2.4500 - 2.5500

Casein Acid Monthly Average Prices



## CHICAGO MERCANTILE EXCHANGE AND NEW YORK BOARD OF TRADE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	01/03	01/04	01/05	01//08	01/09	01/10	01/11	01/12	01/15	01/16
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**CME - (CLASS III) MILK FUTURES** -- Dollars per cwt.

DEC 00	9.40 (1034) 6	9.40 (992) 0	9.37							
JAN 01	9.80 (841) 14	9.80 (843) 45	9.72 (842) 3	9.65 (864) 32	9.61 (874) 44	9.60 (878) 11	9.65 (878) 0	9.65 (866) 17	NO TRADING	9.75 (860) 0
FEB 01	9.82 (789) 1	9.83 (789) 2	9.83 (790) 2	9.81 (816) 36	9.88 (817) 53	9.80 (814) 19	9.84 (816) 2	9.85 (832) 42		9.95 (834) 43
MAR 01	9.95 (642) 1	9.97 (645) 3	10.00 (642) 16	10.08 (673) 32	10.25 (698) 59	10.15 (706) 21	9.95 (706) 0	9.95 (718) 33		10.05 (715) 27
APR 01	10.05 (611) 2	10.07 (606) 20	10.20 (607) 18	10.30 (641) 69	10.57 (666) 36	10.30 (678) 13	10.08 (681) 6	10.05 (684) 6		10.12 (693) 26
MAY 01	10.10 (696) 7	10.18 (704) 12	10.34 (705) 29	10.40 (727) 96	10.70 (718) 55	10.50 (721) 21	10.32 (721) 1	10.35 (721) 11		10.37 (738) 57
JUN 01	10.60 (576) 25	10.70 (581) 8	10.80 (590) 51	10.90 (667) 105	11.25 (689) 74	11.08 (691) 20	10.90 (693) 6	10.91 (698) 10		10.91 (719) 35
JUL 01	11.17 (437) 46	11.30 (448) 28	11.45 (482) 77	11.60 (524) 92	11.91 (540) 54	11.74 (559) 38	11.59 (580) 33	11.62 (591) 16		11.70 (603) 50
AUG 01	11.34 (457) 5	11.45 (467) 18	11.60 (477) 45	11.75 (530) 63	12.00 (555) 45	11.75 (572) 30	11.65 (596) 25	11.75 (612) 18		11.80 (628) 35
SEP 01	11.46 (380) 9	11.52 (395) 21	11.68 (407) 29	11.85 (452) 72	12.22 (491) 68	12.00 (513) 49	11.85 (521) 11	11.90 (528) 11		11.91 (548) 37
OCT 01	11.49 (344) 3	11.52 (360) 16	11.59 (365) 15	11.75 (431) 103	12.11 (455) 59	11.90 (475) 48	11.75 (480) 18	11.80 (492) 19		11.84 (502) 23
NOV 01	11.10 (167) 13	11.18 (212) 52	11.35 (230) 33	11.45 (262) 49	11.70 (303) 49	11.40 (315) 33	11.35 (321) 11	11.39 (329) 12		11.40 (330) 26

**CME - CLASS IV MILK FUTURES** - Dollars per cwt.

DEC 00	13.23 (274) 0	13.21 (266) 0	13.27							
JAN 01	11.85 (233) 12	11.90 (233) 0	11.96 (231) 7	12.15 (228) 3	12.25 (229) 6	12.35 (229) 0	12.35 (224) 12	12.10 (224) 0	NO TRADING	12.08 (224) 0
FEB 01	11.87 (208) 5	11.90 (211) 3	12.00 (214) 7	12.35 (219) 7	12.50 (220) 8	12.80 (222) 3	12.75 (222) 0	12.65 (222) 0		12.40 (221) 3
MAR 01	11.90 (159) 34	12.00 (165) 6	12.10 (158) 16	12.35 (163) 8	12.50 (163) 5	12.80 (166) 7	12.75 (166) 0	12.55 (177) 12		12.35 (178) 5
APR 01	11.99 (145) 4	12.01 (148) 4	12.10 (152) 4	12.35 (152) 1	12.50 (154) 3	12.80 (154) 1	12.75 (154) 0	12.75 (154) 0		12.75 (154) 2
MAY 01	12.00 (175) 0	12.01 (175) 0	12.10 (178) 8	12.35 (178) 0	12.50 (178) 7	12.80 (180) 4	12.75 (180) 0	12.75 (180) 0		12.75 (180) 0
JUN 01	12.10 (128) 3	12.21 (128) 0	12.21 (128) 0	12.30 (129) 2	12.70 (130) 2	12.85 (132) 4	12.80 (132) 0	12.80 (132) 0		12.78 (132) 0
JUL 01	12.26 (129) 0	12.26 (131) 2	12.50 (131) 0	12.50 (133) 2	12.70 (134) 1	12.90 (133) 1	12.90 (133) 0	12.90 (133) 0		12.82 (133) 1
AUG 01	12.55 (68) 2	12.70 (68) 0	12.70 (68) 0	12.70 (71) 3	13.12 (71) 0	13.12 (71) 3	13.00 (71) 0	13.00 (71) 0		12.99 (71) 1
SEP 01	12.70 (50) 6	12.70 (50) 0	12.70 (50) 0	12.70 (51) 1	13.12 (51) 0	13.12 (51) 0	13.00 (60) 9	12.85 (75) 23		12.90 (80) 12
OCT 01	12.69 (64) 1	12.70 (64) 0	12.70 (64) 0	12.70 (65) 1	13.10 (65) 0	13.10 (65) 1	13.00 (66) 1	12.85 (98) 42		12.89 (102) 12
NOV 01	12.70 (85) 1	12.70 (85) 0	12.70 (85) 0	12.70 (86) 1	13.10 (86) 0	13.10 (86) 1	13.00 (87) 1	12.85 (112) 35		12.90 (117) 12

**CME - BUTTER FUTURES** -- Cents per pound

MAR 01	117.00 (93) 7	119.00 (97) 6	121.75 (98) 1	126.75 (96) 13	131.75 (97) 8	138.00 (98) 3	133.00 (98) 0	128.00 (98) 0	NO TRADING	128.00 (98) 0
MAY 01	120.00 (23) 2	122.50 (25) 6	125.00 (25) 0	126.00 (25) 0	131.00 (25) 3	141.00 (25) 0	137.00 (25) 0	132.00 (25) 0		132.00 (25) 0
JUL 01	123.50 (40) 7	125.00 (40) 2	127.00 (40) 0	129.00 (40) 0	134.00 (40) 1	144.00 (40) 1	139.00 (40) 0	134.00 (40) 0		134.00 (40) 0
SEP 01	127.75 (37) 3	128.50 (37) 1	130.00 (37) 0	132.00 (37) 0	137.00 (37) 1	147.00 (38) 1	142.00 (38) 0	137.00 (38) 0		137.00 (38) 3
OCT 01	127.50 (2) 0	127.50 (2) 0	127.50 (2) 0	127.50 (2) 0	128.50 (2) 1	138.50 (2) 0	138.50 (2) 0	138.50 (2) 0		138.50 (3) 2

**NYBOT - MILK INDEX** -- Dollars per cwt.

DEC 00	9.40 (17) 0	9.40 (17) 0								
JAN 01	9.80 (3) 0	9.80 (3) 0	9.80 (3) 0	9.70 (3) 0	9.70 (3) 0	9.65 (3) 0	9.65 (3) 0	9.65 (3) 0	NO TRADING	9.70 (3) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. At the NYBOT open interest for milk -- 100,000 pounds per contract.

For more detailed information, you may call our automated voice system at 608-224-5088.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered January 8 - 19, 2001

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** Milk production in many areas of Europe is showing signs of seasonal increases, a typical trend for this time of the year. Although milk volumes are starting to increase, overall production of manufactured dairy products remains light. In recent weeks, the tone to European markets has changed to a weaker mode. Prices for most dairy products are unchanged to lower. There appears to be more stocks available for sale than have been reported over the past few months. International buyer interest remains slow and unaggressive. Many producers and handlers state that they still do not foresee too much buyer interest at this time, especially if prices are starting to weaken. European producers and handlers are closely monitoring U.S. export activity since FAS has resumed accepting DEIP bids. Early in the week, five bonuses for skim milk powder were awarded at \$50 and \$60 per metric ton. Under the current DEIP program, which runs through June 30, there are about 55,000 metric tons of skim powder and 21,000 tons of butterfat eligible for DEIP bonuses. All of the cheese allocations had previously been filled. European producers, handlers, and traders, feel that bonuses in this price range will not have a significant impact on international prices or sales, but feel that the remaining allocated volumes, especially skim milk powder, will clear U.S. borders.

**BUTTER/BUTTEROIL:** Butter markets are unsettled with prices unchanged to lower. At this time, no significant butter demand is occurring thus stocks are fully sufficient for domestic needs with additional volumes becoming available for other buyer interest. Producers and handlers were cautious not to over commit themselves last fall and now are finding that stocks are readily available should spot buyer interest develop.

82% BUTTERFAT: 1,250 - 1,350

**SKIM MILK POWDER (SMP):** Skim powder markets are weak with prices unchanged to generally lower. Limited sales activity and sufficient uncommitted stocks are factors leading to lower prices. European producers, handlers and traders are closely watching the U.S. export of skim milk powder now that FAS is again accepting DEIP bids. Early in the week, nearly 8,000 metric tons of the 55,000 metric tons remaining under the current program were awarded bonuses. Traders feel that most, if not all, of the 55,000 metric tons will leave the U.S., but will have limited impact on international skim powder markets.

1.25% BUTTERFAT: 2,100 - 2,220

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are steady to weak. Prices are generally unchanged, although a weak price trend is developing. Whole milk powder inventories and stocks of other European produced dairy products are more sufficient than previously anticipated. Due to limited buyer interest, some producers and handlers are lowering asking prices in hopes of stimulating some buyer interest. Many feel that buyer interest will remain limited, especially in a weakening market.

26% BUTTERFAT: 1,900 - 2,100

**SWEET WHEY POWDER:** European whey markets are unsettled as prices decline slightly. Limited sales activity and sufficient stocks as the new year begins are two factors causing prices to edge lower. Producers and handlers feel that a weaker tone will continue for the balance of the quarter and into the second quarter.

NONHYGROSCOPIC: 550 - 675

**OVERVIEW: EASTERN EUROPE:** Milk production in Eastern Europe, although basically holding steady at seasonal low levels, is reported to be increasing in some areas. Many producers and handlers are wondering and questioning to what level milk volumes will be during the upcoming production season. Over the past few seasons, milk production has not been as strong as predicted and manufactured dairy product stocks have been lighter than desired. As has been the case over the past few months, dairy product stocks in Eastern Europe have been and continue to be limited.

## OCEANIA

**OVERVIEW:** Milk production patterns in Australia and New Zealand continue to edge lower seasonally. Early estimates of positive milk volumes during the current production season are being adjusted lower in both countries. An early start to the production season, weather conditions that were not conducive to positive milk growth, and an earlier than usual peak are some of the factors limiting milk volumes in both Australia and New Zealand. Due to lighter than anticipated milk volumes, stocks of manufactured dairy products are reported to be in close balance and, in many instances, fully committed for the balance of the season. Often, producers are having to turn down buyer interest due to lighter than desired inventories or projected production. Butter is usually an item that Oceania producers have sufficient stocks of, but this year, butter is equally as limited as are other manufactured dairy products. When possible, milk handlers are diverting milk from one product area to another, especially toward products of greatest demand. At this point, cheese production is somewhat lighter with milk volumes being directed toward whole milk powder output. Oceania producers and handlers indicate that stocks are limited, but will be meeting commitments previously made with very minimal, if any, stocks available for spot sale.

**BUTTER:** Oceania butter markets remain firm at basically unchanged prices. As in other manufactured dairy products, stocks of butter are in close balance to short of desired needs. Some butter handlers are reporting that they are turning down spot buyer interest due to limited supplies. In past years, Oceania butter stocks have been adequate to meet potential spot buyer interest, but this season is not the case. Lighter than projected milk production patterns in Australia and New Zealand are limiting overall manufactured dairy product stocks.

82% BUTTERFAT: 1,275 - 1,350

**CHEDDAR CHEESE:** Oceania cheese markets are firm with stocks reported as being in close balance to tight. Potential buyers, especially spot buyers, are finding when available, prices to be higher than previous purchases. In some instances, when plants have milk placement options, they are diverting milk away from cheese output and towards other manufactured dairy products at this time. Cheese producers feel that stocks will be sufficient for commitments, but will have limited spot availability for the balance of the current production season.

39% MAXIMUM MOISTURE: 1,950 - 2,200

**SKIM MILK POWDER (SMP):** Oceania skim milk powder markets remain firm at unchanged prices. Stocks of skim milk powder in Australia and New Zealand are reported to be in close balance. In many instances, stocks are reported to be fully committed for the balance of the current milk production season with virtually no powder or projected volumes available for spot sale. At this point, producers and handlers indicate that stocks will be sufficient for contractual needs.

1.25% BUTTERFAT: 2,175 - 2,300

**WHOLE MILK POWDER (WMP):** Whole milk powder prices and markets in Oceania are generally steady. Stocks of powder are limited to the point that demand is surpassing availability. In instances and when possible, milk is being diverted away from other manufactured dairy products and directed toward whole milk powder production. Producers and handlers indicate that stocks will be sufficient for commitments, but limited volumes, if any at all, will be available for spot buyer interest.

26% BUTTERFAT: 2,000 - 2,150

Exchange rates for selected foreign currencies: JANUARY 16, 2001

.4279 Dutch Guilder	.4821 German Mark
.1438 French Franc	.4454 New Zealand Dollar
.1004 Mexican Peso	.5553 Australian Dollar
1.4727 British Pound	.0085 Japanese Yen
.2443 Polish Zloty	.9430 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1004)= 9.9602  
That is 1 US Dollar equals 9.9602 Mexican Pesos.

Source: "Wall Street Journal"



## JANUARY MILK SUPPLY AND DEMAND ESTIMATES\*

The milk production forecast for 2000/01 is lowered slightly this month as recent data point to continued slowing in the rise of milk cow numbers and milk per cow. Class III prices are raised slightly, averaging \$9.50 to \$10.00 per cwt. Cheese prices are expected to increase gradually from their October-December lows. Class IV prices are lowered to \$11.75 to \$12.45 per cwt. due to lower near-term butter prices. Although currently volatile, butter prices are expected to drop sharply from their October-December highs and then increase gradually later in the year. The all milk price is raised 5 cents per cwt.

Item	1998/99 1/	1999/00 Projection 1/		2000/01 Projection 1/	
		December	January	December	January
<b>SUPPLY</b>		<b>BILLION POUNDS</b>			
BEGINNING COMMERCIAL STOCKS 2/	5.8	7.4	7.4	8.6	8.6
PRODUCTION	161.2	167.5	167.5	169.6	169.3
FARM USE	1.4	1.3	1.3	1.3	1.3
MARKETINGS	159.8	166.2	166.2	168.3	168.0
IMPORTS 2/	4.8	4.6	4.6	4.2	4.3
TOTAL COMMERCIAL SUPPLY 2/	170.5	178.2	178.2	181.1	180.9
<b>USE</b>					
COMMERCIAL USE 2/ 3/	162.8	168.8	168.8	173.2	172.9
ENDING COMMERCIAL STOCKS 2/	7.4	8.6	8.6	7.2	7.3
CCC NET REMOVALS:					
MILKFAT BASIS 4/	0.3	0.8	0.8	0.7	0.7
SKIM SOLIDS BASIS 4/	5.4	8.5	8.5	7.6	7.3
		<b>DOLLARS PER CWT.</b>			
<b>MILK PRICES 5/</b>					
BASIC FORMULA/CLASS III PRICE 6/	14.04	9.99	9.99	9.45-10.05	9.50-10.00
CLASS IV 7/	NA	11.51	11.51	11.80-12.60	11.75-12.45
ALL MILK 8/	15.38	12.62	12.62	12.15-12.75	12.25-12.75
		<b>MILLION POUNDS</b>			
<b>CCC PRODUCT NET REMOVALS 4/</b>					
BUTTER	1	11	11	12	12
CHEESE	6	17	17	30	30
NONFAT DRY MILK	449	690	690	625	600
DRY WHOLE MILK	12	34	34	3	3
	QUARTERLY 9/			ANNUAL 9/	
	2001 I	2001 II	2001 III	2000	2001
<b>MILK PRODUCTION</b>	42.9	43.8	41.4	168.2	169.6
	<b>DOLLARS PER CWT.</b>				
ALL MILK PRICE 5/ 8/	12.55-12.95	11.65-12.35	12.10-13.10	12.33	12.40-13.20
CLASS III PRICE 5/ 6/	9.45-9.85	9.30-10.00	9.95-10.95	9.74	9.95-10.75
CLASS IV PRICE 5/ 7/	11.55-11.95	11.40-12.10	11.80-12.80	11.83	11.70-12.50

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Basic Formula Price (BFP) through December 31, 1999; Federal milk order Class III price beginning January 1, 2000. 7/ Federal milk order Class IV price. 8/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 9/ Calendar year basis projections.

\* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Arthur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

**SOURCE:** "World Agricultural Supply and Demand Estimates," WASDE-370, World Agricultural Outlook Board, USDA, January 11, 2000.

## THE DAIRY SITUATION AND OUTLOOK

**Milk Expansion Easing.** Milk production has finally shown signs of slowing growth. Milk cow numbers may be on the verge of turning downward, and gains in milk per cow have eased from the torrid pace of late 1999 and much of 2000. Even so, year-to-year increases in milk production are expected throughout 2001 and probably will still be large through at least the first half of the year. Milk cow numbers hit a plateau during September-November that may foretell declines. However, typical year-to-year decreases may be slow in coming. Recent numbers were more than 1 percent higher than a year earlier, and the structural changes that led to 2 years of rising cow numbers are not likely to be reversed quickly. Higher slaughter cow prices will help trim cow numbers slightly, as cull cow prices probably will be the highest in 8 years. However, the increase is not expected to be dramatic, and the gap between replacement and slaughter value probably will stay wide, as replacement prices are not projected to decline much.

Expansion by financially stronger producers is likely to continue, but the rate may slacken. The accelerated growth triggered by the strong returns of 1998-99 probably is about over. Those expansions begun before the late 1999 price adjustment probably will soon be up to capacity. The shortage of replacement heifers that delayed the full impact of expansions during 1998, 1999, and much of 2000 appears to have eased. Expansions based on recent prices and returns probably will be more conservative than during the last 2 years. The number of financially weaker farmers leaving dairying may have increased during recent months, as supplies of old forage were exhausted and any remaining illusions about price recovery dissipated. Aided by direct payments under milk and crop programs and by cash saved during the preceding 2 years, many of these farmers were able to hang on through summer even though current earnings were not very competitive. Exit rates are expected to accelerate gradually during the next year.

Milk cow numbers are expected to move below a year earlier during the middle of 2001. However, decreases are not projected to be very large even by yearend. For the year as a whole, cow numbers are expected to fall only fractionally and may not offset this year's increase of almost 1 percent. Generally favorable feed conditions are expected through at least the first half of 2001, and milk per cow should be fairly strong, barring substantial weather problems. However, very large increases are not projected because of nagging problems with forage quality and the lack of dramatic incentive to shift to higher concentrate rations. Similar to October-December 2000, 2001 increases may seem modest compared with the very strong levels of a year earlier, even if they are trend or above-trend rises compared with longer run averages. Milk per cow is projected to increase more than 1 percent in 2001, compared with a 2000 increase of well over 2 percent. Milk production in 2001 is projected to rise about 1 percent, following jumps of more than 3 percent in 1999 and in 2000. The largest increases probably will be in the first half, but milk output is expected to stay above a year earlier throughout the year. The low milk prices of 2000-01 are projected to slow, but not stop, expansion in milk production.

**Dairy Demand Good.** Demand is expected to grow again in 2001. The general economy is projected to continue its expansion, consumer incomes are likely to be up, and there is no indication that consumers will start being more conservative about food spending. However, dairy demand may not be quite as strong as it was during the last 2 years. The economy is showing signs of being less uniformly robust, and wealth has not grown as much this year. Even if demand growth is not quite as brisk, use should be stimulated by generally favorable prices.

**Dairy Prices Weak.** Farm milk prices are projected to stay relatively weak during the first half of 2001, averaging only slightly above a year earlier. Even if milk production expansion is slowing, supplies are expected to be large enough to limit price response until after the flush season. Modest seasonal price increases are projected for the second half, but these rises will depend on the amount of moderation in milk production growth. Average prices are expected to increase 3-5 percent for the year as a whole.

**SOURCE:** "Livestock, Dairy, and Poultry Situation and Outlook", LDP-M-78, December 27, 2000, Economic Research Service, USDA. For more information on the LDP report, contact James J. Miller, (202) 694-5184. Also, please note that this summary has been condensed from the original.

## NOVEMBER FLUID MILK SALES

During November, about 4.4 billion pounds of packaged fluid milk products were sold in Federal milk order (FMO) marketing areas and California. This was 1.4 percent higher than November 1999. On an individual product basis, sales of whole milk, reduced fat (2%) milk, and low fat (1%) milk increased from November 1999, while sales of fat-free (skim) milk and buttermilk decreased from a year earlier. Total fluid milk sales for the January-November 2000 period were 0.5 percent lower than the same period last year. Data for 1999 have been adjusted for changes in the FMO marketing areas due to order consolidation (see 2/ below) and data for both years have been adjusted for calendar composition.

Editor's Note: For some individual marketing areas, the data for 1999 are largely estimated due to Federal milk order consolidation. See [www.ams.usda.gov/dairy/mmms.htm](http://www.ams.usda.gov/dairy/mmms.htm) for this data for January-October.

**PACKAGED SALES OF FLUID MILK PRODUCTS IN MARKETING AREAS DEFINED BY  
FEDERAL MILK ORDERS AND CALIFORNIA, NOVEMBER 2000, WITH COMPARISONS 1/**

Product Name/ Marketing Area (Order Number) <u>2/</u>	Sales		Change from: <u>3/</u>	
	Nov	Year to date	Previous Year	Year to Date
	Mil.lbs		Percent	
Whole Milk <u>4/</u>	1,558	16,871	4.1	1.6
Reduced Fat Milk (2%)	1,379	14,889	2.1	-0.5
Low Fat Milk (1%) <u>5/</u>	723	7,554	0.3	0.5
Fat-Free Milk (Skim)	650	7,252	-3.1	-5.0
Buttermilk	51	536	-6.9	-1.1
Total Fluid Milk Products <u>2/</u>	4,367	47,186	1.4	-0.5
Northeast (001)	829	8,931	2.9	0
Appalachian (005)	298	3,282	-3.9	-2.3
Southeast (007)	416	4,523	2.1	-0.2
Florida (006)	233	2,556	5.2	1.6
Mideast (033)	561	6,045	0.9	-1.1
Upper Midwest (030)	377	4,002	1.6	1.4
Central (032)	398	4,235	0	-2.0
Southwest (126)	358	3,803	4.2	0
Ariz.-Las Vegas/Western (131/135) <u>6/</u>	176	1,922	-0.8	-0.3
Pacific Northwest (124)	185	1,993	0.3	-1.1
California (---)	537	5,895	2.3	0.6

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, and represent approximately 93 percent of total fluid milk sales in the United States. 2/ Sales by product are for all marketing areas combined. Individual marketing area data is for total fluid milk products. Total fluid milk products include plain, flavored, and miscellaneous whole milk products, plain, flavored, and miscellaneous reduced fat, low fat, and fat-free milk products, eggnog, and buttermilk. 3/ For all marketing areas combined, data for 1999 have been estimated based on the change in population within Federal milk order marketing areas that has occurred as a result of the new consolidated marketing areas that came into effect in January 2000. For individual marketing areas, 1999 data are the simple summation of the data for the orders that were consolidated. For those orders that also include partial marketing area changes or the addition of unregulated area, the figures for the previous year were adjusted for these marketing area changes, mainly based on population. Percent changes are based on this estimated 1999 data. Percent changes also have been adjusted for calendar composition, including the extra day in February 2000. 4/ Includes flavored whole milk. 5/ Includes flavored fat-reduced milk. 6/ The data for these markets have been combined for reporting purposes.

**SOURCE: Monthly summaries of Federal Milk Order Market Statistics, AMS, USDA, and California Dairy Information Bulletin, California Agricultural Statistics Service and Milk Stabilization Branch.**

## USDA ANNOUNCES ADJUSTMENTS IN 2001 PURCHASE PRICES FOR MILK AND MILK PRODUCTS

WASHINGTON, January 18, 2001 -- The U.S. Department of Agriculture announced today that the Commodity Credit Corporation (CCC) purchase prices for butter, nonfat dry milk, and cheese bought under the Milk Price Support Program are being adjusted, effective January 16, 2001. The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001, extended the price support program through calendar year 2001 at the 2000 support price of \$9.90 per hundredweight of milk with an annual average milkfat content of 3.67 percent.

The announced purchase prices of these products are being adjusted in order to reflect the new pricing formulas under the reformed Federal Milk Marketing Orders. CCC will increase the price it pays for block Cheddar and barrel cheese by 0.94 cents to \$1.1314 and \$1.1014 per pound, respectively. The purchase price for butter will decrease by 1.31 cents to \$0.6549 per pound, and the purchase price for nonfat dry milk will decrease by 0.68 cents to \$1.0032 per pound. The purchase prices of butter and nonfat dry milk are adjusted in proportion to their contribution to the milk price. Therefore, there is no change in the butter/NDM relationship.

Further terms and conditions for purchases of dairy products will be contained in subsequent announcements.

A tabular summary of the new prices follows:

PURCHASE PRICES FOR SURPLUS DAIRY PRODUCTS  
(Dollars per Pound)

PRODUCTS	Produced before 1/16/01 and offered by 1/31/01	Produced on or after 1/16/01 or offered after 1/31/01
<b>BUTTER</b>		
U.S. Grade A or Higher 25-kg blocks, salted	0.6680	0.6549
<b>NONFAT DRY MILK (Spray)</b>		
U.S. Extra Grade (but not more than 3.5% moisture: Nonfortified (25-kg bags) <u>1</u> /	1.0100	1.0032
Fortified (Vitamins A & D) (25-kg bags)	1.0200	1.0132
<b>CHEESE</b>		
Standard Moisture Basis <u>2</u> / 40-lb. Block Cheddar U.S. Grade A or higher (but not more than 38.5% moisture	1.1220	1.1314
500-lb. Barrel Cheese U.S. Extra Grade (but not more than 36.5% moisture)	1.0920	1.1014

1/ Nonfat dry milk in bags which are classified as "Type X" will be accepted at a discount of 0.50 cent (1/2 cent) per pound.

2/ The prices per pound for cheese which contains less than 37.8 percent moisture are contained in the Moisture Adjustment Chart (FSA-150).

## DECEMBER MILK PRODUCTION

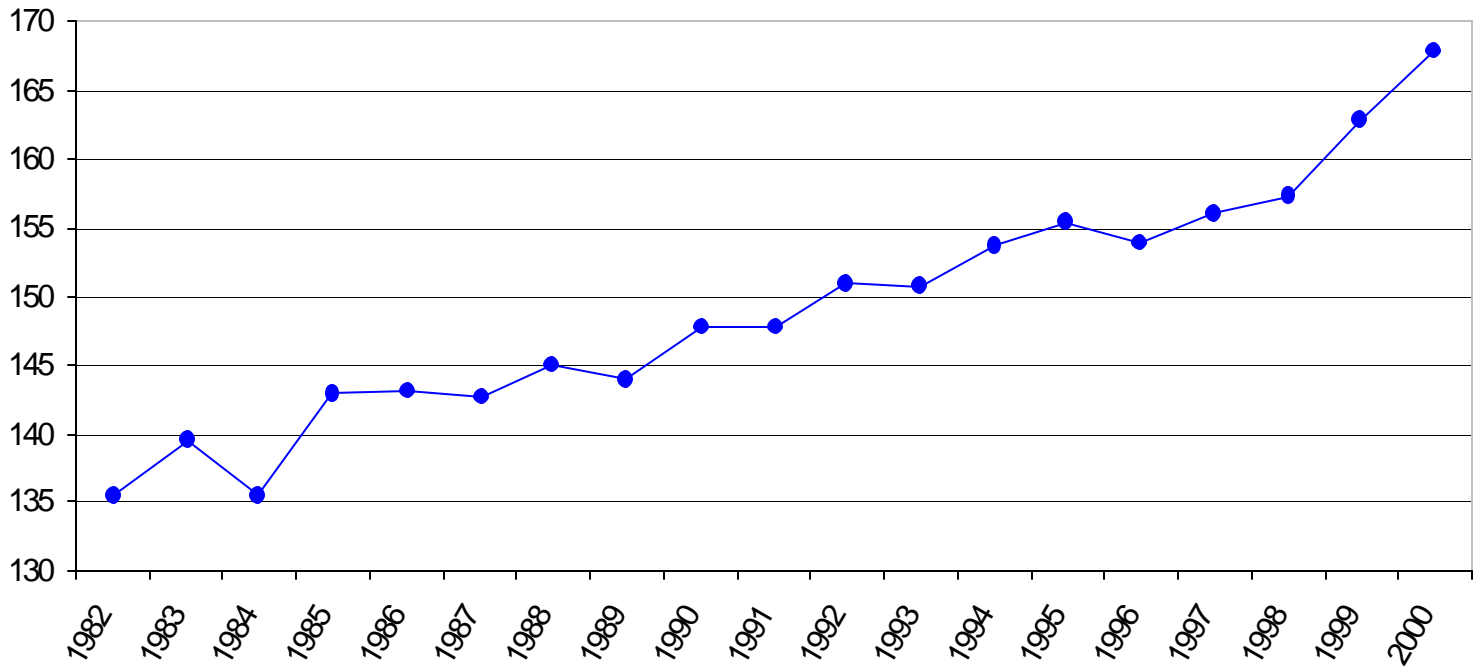
Milk production in the 20 major states during December totaled 11.9 billion pounds, virtually unchanged from production in these same states in December 1999. November revised production, at 11.4 billion pounds was up 1.1 percent from November 1999. The November revision represented a decrease of 0.5 percent or 52 million pounds from last months preliminary production estimate. Production per cow in the 20 major states averaged 1,522 pounds for December, 16 pounds below December 1999. The number of cows on farms in the 20 major states was 7.84 million head, 81,000 head more than December 1999, but 4,000 head less than November 2000. The October-December quarterly production of milk for the U.S. was 40.9 billion pounds, 1.2 percent above the October-December period last year. The average number of milk cows in the U.S. during October-December quarter was 9.25 million head, 80,000 head more than the same period last year.

STATE	MILK COWS 1/ 2/				MILK PRODUCTION 1/ 3/			
	DECEMBER		OCTOBER-DECEMBER		DECEMBER		OCTOBER-DECEMBER	
	1999	2000	1999	2000	2000	% CHANGE FROM 1999	2000	% CHANGE FROM 1999
	THOUSANDS				MILLION LBS.	PERCENT	MILLION LBS.	PERCENT
AL	C	C	27	23	C	C	78	-13.3
AK	C	C	0.9	1.0	C	C	3.41	12.5
AZ	135	140	135	140	243	-1.6	686	-4.3
AR	--	--	42	41	C	C	118	-5.6
CA	1,488	1,554	1,484	1,549	2,712	2.7	7,980	2.4
CO	--	--	83	90	C	C	476	7.9
CT	--	--	28	26	C	C	115	-7.3
DE	C	C	11.0	10.5	C	--	43.5	2.4
FL	156	156	156	156	207	0.5	565	4.6
GA	--	--	88	86	C	C	340	-1.2
HI	--	--	8.6	7.5	--	--	26.2	-0.4
ID	331	354	329	355	609	6.3	1,827	7.6
IL	121	118	121	118	172	-0.6	503	1.4
IN	138	151	137	150	223	19.3	644	19.0
IA	215	215	215	215	321	C	953	1.5
KS	--	--	87	94	C	C	395	9.7
KY	130	131	131	131	137	-1.4	406	0.5
LA	--	--	61	57	C	C	163	-1.2
ME	--	--	41	39	C	C	163	-2.4
MD	--	--	85	82	C	C	328	-4.9
MA	--	--	24	22	C	C	93	-8.8
MI	297	301	297	302	471	2.4	1,414	4.8
MN	540	525	543	527	785	-2.7	2,286	-1.6
MS	--	--	36	36	C	C	128	-0.8
MO	158	151	158	151	178	-6.3	534	-2.6
MT	--	--	18	19	C	C	79	3.9
NE	--	--	75	79	C	C	327	10.5
NV	--	--	25	25	C	C	125	1.6
NH	--	--	19	18	C	C	76	-2.6
NJ	--	--	16	16	C	C	63	-1.6
NM	236	261	236	261	436	7.4	1,289	8.0
NY	700	690	700	690	966	-4.2	2,871	-2.3
NC	--	--	73	69	C	C	288	-3.7
ND	--	--	49	49	--	--	172	3.0
OH	258	265	259	264	379	0.5	1,137	3.8
OK	--	--	92	91	C	C	314	0.3
OR	--	--	89	90	C	C	401	-3.1
PA	619	613	618	616	901	-1.6	2,687	-0.1
RI	-	--	1.9	1.6	C	C	6.4	-11.1
SC	--	-1	23	22	C	C	88	-1.1
SD	--	--	102	101	--	--	409	6.2
TN	--	--	95	94	C	C	340	-1.4
TX	350	345	348	345	450	-7.6	1,313	-4.2
UT	--	--	93	95	C	C	412	1.7
VT	159	158	159	158	231	1.8	677	2.1
VA	120	119	121	119	161	-4.2	465	-4.3
WA	246	246	245	247	440	-5.2	1,337	-2.3
WV	-	--	18	17	--	--	64	-7.2
WI	1,360	1,345	1,361	1,349	1,910	-1.1	5,651	0.2
WY	--	--	6.0	5.2	C	C	17.2	-13.1
22 STATE TOTAL	7,757	7,838	C	--	11,932	C	--	--
U.S. 4/ 5/	--	--	9,170	9,250	C	C	40,877	1.2

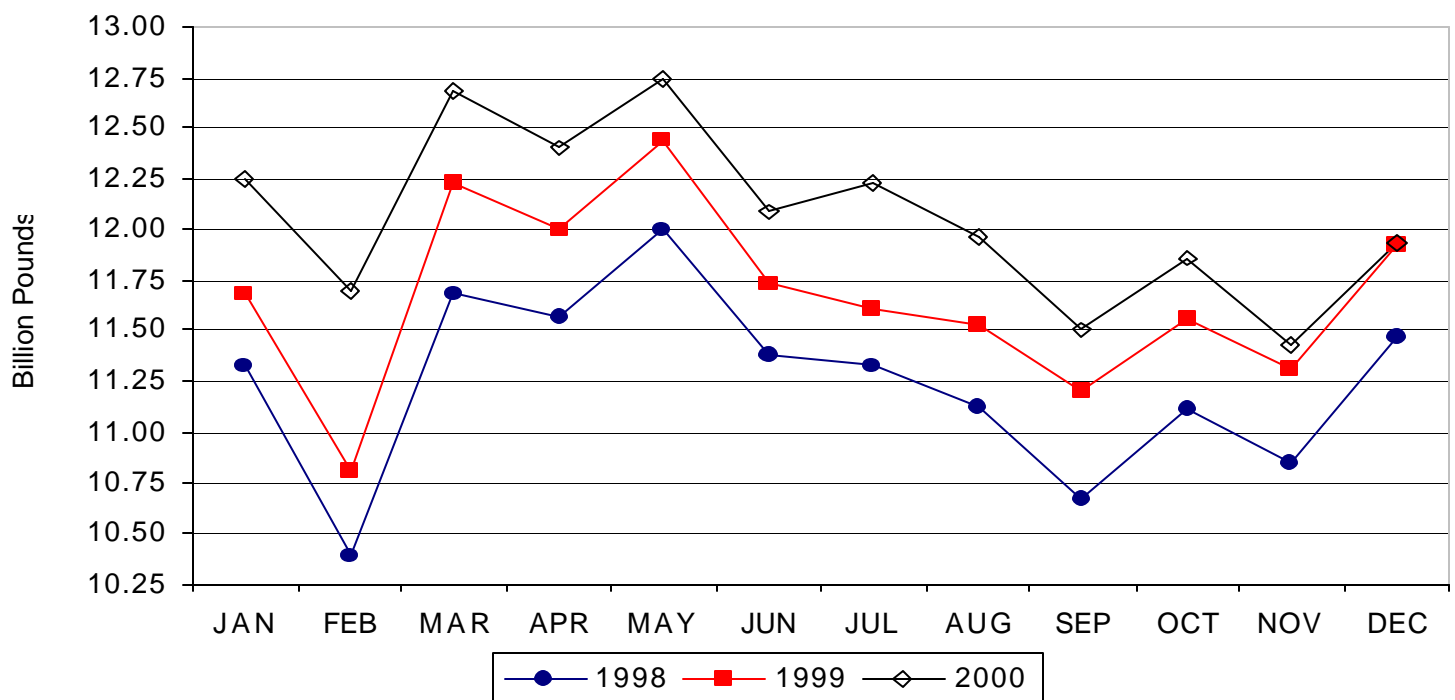
1/ Preliminary. 2/ Includes dry cows, excludes heifers not yet fresh. 3/ Excludes milk sucked by calves. 4/ Includes states for which individual monthly estimates are not available. 5/ Milk cows will not add due to rounding.

SOURCE: "Milk Production," Da 1-1 (1-01), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

## US Annual Milk Production Billion Pounds



## MILK PRODUCTION - 20 MAJOR STATES



## CCC PURCHASES OF DAIRY PRODUCTS

FOR THE WEEK OF JANUARY 15 - 19, 2001				CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD	
PURCHASES	ADJUSTMENTS	PURCHASES	10/01/00	LAST YEAR	01/12/01	LAST YEAR	
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	3,050,083	-0-	-0-	-0-
Barrel	258,613	-0-	258,613	3,917,916	-0-	-0-	-0-
Process	-0-	-0-	-0-	3,682,800	-0-	-0-	-0-
TOTAL	258,613	-0-	258,613	10,650,799	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfort	9,657,346	555,530	9,101,816	130,747,220	71,363,233	360,581,000	-0-
Fortified	2,115,949	132,252	1,983,697	24,025,969	5,077,653	34,464,000	-0-
TOTAL	11,773,295	687,782	11,085,513	154,773,189	76,440,886	395,045,000	-0-

#Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

## MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
WEEK OF JANUARY 15 - 19, 2001 =	4.8	131.6	COMPARABLE WEEK IN 2000 =	1.0	52.2
CUMULATIVE SINCE OCTOBER 1, 2000 =	132.4	1,907.0	CUMULATIVE SAME PERIOD LAST YEAR =	16.8	889.8
CUMULATIVE JANUARY 1 - 19, 2001 =	15.8	424.4	COMPARABLE CALENDAR YEAR 2000 =	5.6	296.2

\* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

## CCC ADJUSTED PURCHASES FOR THE WEEK OF JANUARY 15 - 19, 2001 (POUNDS)

REGION	BULK	BUTTER	PACKAGED	UNSALTED	BLOCK	CHEESE	BARREL	PROCESS	NONFAT DRY MILK	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	258,613	-0-	-0-	9,101,816	1,983,697	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

## CCC ADJUSTED PURCHASES SINCE 10/1/00 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
MIDWEST	-0-	-0-	5,678,640	-0-	1,901,569	2,227,858	39.9	2.9
WEST	-0-	-0-	4,932,559	-0-	152,871,620	74,124,844	59.8	97.0
EAST	-0-	-0-	39,600	-0-	-0-	88,184	0.3	0.1
TOTAL	-0-	-0-	10,650,799	-0-	154,773,189	76,440,886	100.0	100.0

## SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 16, 2001

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

## DOLLARS PER POUND

BUTTER: Bulk \$.6549; 1# Prints \$.6849

CHEESE: 40 & 60# Blocks \$1.1314; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process American 2# \$1.2239

NONFAT DRY MILK: Nonfortified \$1.0032; Fortified \$1.0132; Instant \$1.1607

## Dairy &amp; Total Cow Slaughter under Federal Inspection, by Regions &amp; U.S., for Week Ending 12/30/00 &amp; Comparable Week 1999

Regions*		1	2	3	4	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL		
												WEEK :SINCE JAN 1	WEEK : SINCE JAN 1		
2000-Dairy cows	HD (000)	0.2	0.5	5.3	4.0	19.6	0.9	2.1	0.6	10.2	1.6	45.1	2,687.9	50.9	48.7
1999-Dairy cows	HD (000)	0.2	0.8	5.4	4.1	17.8	1.7	0.6	1.3	10.3	2.1	44.3	2,568.2	49.3	45.9
2000-All cows	HD (000)	0.2	0.7	7.1	9.7	27.0	7.8	15.6	4.5	11.4	4.6	88.6	5,514.8		
1999-All cows	HD (000)	0.2	1.1	7.3	11.6	23.7	8.6	14.1	4.6	12.1	6.5	89.9	5,688.7		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

## BASIC FORMULA PRICE (BFP), (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63

## FEDERAL MILK ORDER CLASS PRICES FOR 2000-2001 (3.5% BF)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 2001	FEB 2001
Class I 1/	10.90	10.71	10.84	10.93	11.48	11.70	12.46	11.95	11.84	11.89	11.82	12.13	13.99	11.94
Class II	11.43	11.51	11.71	12.10	12.63	13.08	12.58	12.56	12.58	12.54	13.68	13.97		
Class III	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37		
Class IV	10.73	10.80	11.00	11.38	11.91	12.38	11.87	11.87	11.94	11.81	13.00	13.27		

1/ Specific order differentials to be added to this base price are located at: [www.ams.usda.gov/dairy/mib/class\\_prod\\_milk\\_comp\\_pr.htm](http://www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm)